April 30, 2009 at 8:15AM:
Developing an Alternate PHAS Scoring Methodology

Alternate PHAS for MTW Agencies

At the outset of the MTW program, high-performing agencies were allowed to remain high performers under PHMAP or PHAS during their tenure in the MTW demonstration. The original expectation was that those agencies would be in MTW only a short time and would revert to being fully scored once their MTW tenure ended.

When the decision was made to continue the demonstration under the Standard Agreement, it was also decided to not designate MTW agencies in their agreements as high-performers. Each agency would need to either choose to be exempted (and thus choose not to receive the high-performer status) or be fully scored – if it scored high enough, it would be a high performer like everyone else.

We have included a provision in the Attachment D of those agencies that had the high-performer designation that they could propose an alternative evaluation methodology in lieu of the PHAS regulation for approval by the Department. Such a methodology must at a minimum incorporate the indicators set forth in Section 6(j) of the 1937 Act, and utilize a third party to assess performance.

This was the language in the agreement. Another alternative remains, however, and that is for the Department and MTW agencies to jointly develop an alternative that could be applied to MTW agencies, with the thought that it could be used to inform both HUD and Congress about ways to measure performance. We look to this session to be a starting point in that dialogue.

Questions and approaches:

1. Do we want to measure agencies or properties? HUD is moving to asset management, so it would seem that properties should be the focus. Section 6(j) measures agencies, so what are appropriate measures for properties? Are any of the 6(j) indicators appropriate for MTW agencies?
2. Is a third party best to evaluate, versus HUD or PHA self-certification? What is the best way to do this?
3. Is accreditation a valid approach? Is it too expensive? How would it be paid for? Do we risk creating a mini-HUD?
4. What are the cost constraints? Are contractors a viable way to assess?
5. What IS potentially different about MTW agencies that they cannot be scored under PHAS?
6. There are a number of approaches proposed or tried. What are some others?
    a. Self-certification with verification.
    b. HUD staff review.
    c. Third party review.
7. Where do we go from here?

(j) Performance indicators for public housing agencies

(1) The Secretary shall develop and publish in the Federal Register indicators to assess the management performance of public housing agencies and resident management corporations. The indicators shall be established by rule under section 553 of title 5. Such indicators shall enable the Secretary to evaluate the performance of public housing agencies and resident management corporations in all major areas of management operations. The Secretary shall, in particular, use the following indicators for public housing agencies, to the extent practicable:

(A) The number and percentage of vacancies within an agency's inventory, including the progress that an agency has made within the previous 3 years to reduce such vacancies.

(B) The amount and percentage of funds provided to the public housing agency from the Capital Fund under section 1437g (d) of this title which remain unobligated by the public housing agency after 3 years.

(C) The percentage of rents uncollected.

(D) The utility consumption (with appropriate adjustments to reflect different regions and unit sizes).

(E) The average period of time that an agency requires to repair and turn-around vacant units.

(F) The proportion of maintenance work orders outstanding, including any progress that an agency has made during the preceding 3 years to reduce the period of time required to complete maintenance work orders.

(G) The percentage of units that an agency fails to inspect to ascertain maintenance or modernization needs within such period of time as the Secretary deems appropriate (with appropriate adjustments, if any, for large and small agencies).

(H) The extent to which the public housing agency—

(i) coordinates, promotes, or provides effective programs and activities to promote the economic self-sufficiency of public housing residents; and

(ii) provides public housing residents with opportunities for involvement in the administration of the public housing.

(I) The extent to which the public housing agency—

(i) implements effective screening and eviction policies and other anticrime strategies; and

(ii) coordinates with local government officials and residents in the project and implementation of such strategies.

(J) The extent to which the public housing agency is providing acceptable basic housing conditions.

(K) Any other factors as the Secretary deems appropriate which shall not exceed the seven factors in the statute, plus an additional five.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

SAVING HOME

MTW Section 8 Mortgage Foreclosure Prevention Initiative

MPHA's MTW Section 8 Foreclosure demonstration initiative **(Saving Home),** will provide foreclosure prevention opportunities for: MPHA's Moving Home homeowners who have demonstrated they are in a hardship situation through no fault of their own, and as such are under threat of default on their mortgage loans or are in foreclosure, MPHA HOME program families under threat of foreclosure; and select families in North Minneapolis under threat of foreclosure.

- **North Minneapolis Families:**

  MPHA will accept referrals for up to 10 families who are referred by the designated foreclosure counseling agency for North Minneapolis. Upon referral, MPHA will review referrals for Section 8 program eligibility and applicable Moving Home requirements which will also be requirements for this program unless specifically excepted. Based on each family's household circumstances and the existing PITI and arrearages, MPHA will issue a preliminary estimate of Section 8 mortgage assistance that the household may be eligible for. This eligibility status report, will be utilized by the Foreclosure Prevention Counseling Agency to use in negotiations with the Lender. If MPHA estimates of Section 8 mortgage assistance are deemed sufficient to cure the mortgage default, and the Lender agrees, MPHA may provide Section 8 Mortgage Assistance to help sustain the family's home for up to a period of, but not to exceed ten (10) years.

- **MPHA Moving Home Families:**

  MPHA Moving Home families who have exhausted the current hardship extension may request participation in the MTW Foreclosure Prevention Program **(Saving Home)** if certain hardships still exist that would lead to the subsequent default in the Mortgage Note and imminent foreclosure if the Monthly Mortgage Assistance is terminated. These hardships are defined as follows:

  - Loss of employment through no fault of the participant
  - Expiration of unemployment benefits and no gainful employment yet obtained
  - Illness or injury or death of a household member that results in loss of wages,
  - Short or long term disability that results in the loss of wages or household income

  Existing and qualifying Moving Home families meeting the identified hardship criteria and facing the expiration of the current hardship extension may receive a priority to participate in the Mortgage Foreclosure Prevention Initiative and receive up to, but not more than twelve (12) months of additional Section 8 Mortgage Assistance.

Participants must work with MPHA or its assigned designee to develop an approved 'Transition Plan' for moving from reliance on Section 8 mortgage assistance by the end of the 12 months of additional Section 8 mortgage assistance. In certain cases involving extraordinary circumstances, the Executive Director will retain discretion to allow for an additional 12 months of assistance.

Moving Home families accepted in to the Saving Home program must execute a new 'Statement of Family Responsibilities' and agree to a participate in agency referrals in order to secure and maintain the additional MTW assistance.

- **Home Ownership Made Easy (HOME) Families:**

  HOME families under threat of foreclosure may contact MPHA and can request to participate in MPHA's MTW Foreclosure prevention initiative **(Saving Home)** offered to existing MTW demonstration program participants including receipt of up to 12 months of Section 8 assistance. These families would have to otherwise meet the Section 8 and Moving Home foreclosure prevention hardship requirements and agree to participation and family responsibility requirements of the program.

  Participants must work with MPHA or its assigned designee to develop an approved 'Transition Plan' for moving from reliance on Section 8 mortgage assistance by the end of the 12 months of additional Section 8 mortgage assistance. In certain cases involving extraordinary circumstances, the Executive Director will retain discretion to allow for an additional 12 months of assistance.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

Minneapolis 'Rent To Own – Homeownership' Initiative

The Minneapolis Public Housing Authority proposes to purchase and refurbish 20 boarded and/or foreclosed properties in strategic Minneapolis locations and create a program under its Moving To Work (MTW) initiative that will allow families to purchase and own the 20 units within a five year period.

The purchased units would become MPHA public housing units for the five-year period. MPHA would provide subsidy for the purchased units for a period not to exceed five years and homeownership counseling enabling selected families to complete the steps necessary for purchase of the home. Families could also be eligible for MPHA's MTW Section 8 homeownership program that could provide an additional mortgage subsidy for up to ten years after purchase of the home.

MPHA's 'Rent to Own - Home Ownership' Initiative would establish specific criteria and qualify families for a specialized homeownership track that will include participation in a family self sufficiency program, budget counseling, home ownership counseling as well as a mandatory savings program and including other goals and supports individually targeted to the needs and abilities of the participating families. Families would be expected to meet certain benchmarks to continue with the program. Failure to meet the benchmarks could result in the family being removed from the program and relocated to other public or Section 8/HCV housing but would not result in the family being made homeless.

Within the five-year period while a family is moving toward the purchase of the home, it would still be subject to the rules and regulations required of all MPHA public housing residents. Failure to abide by the lease and other requirements could result in eviction from the homes as is the case with all residents of MPHA properties.

Families would be expected to secure conventional financing for the purchase of the home. Proceeds from the purchase would go into a revolving fund that would allow MPHA to purchase additional properties and offer the program to additional families.

MPHA will coordinate its purchases of homes and development of program requirements with neighborhood organizations, the City of Minneapolis and other key constituencies to ensure likely success.